



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Sentrix Pharmacy and Discount, L.L.C.

Respondent Name

Arch Insurance Company

MFDR Tracking Number

M4-17-0718-01

Carrier's Austin Representative

Box Number 19

MFDR Date Received

November 15, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The insurance carrier, Gallagher Bassett failed to take final action within the 45-day period set forth in TAC §134.240. Specifically the claim was submitted on 8/26/16 and it was received by the provider on 9/1/16 ... and no action was taken on the claim. Sentrix made a good faith effort to notify the carrier of their failure to respond to the bill on 10/20/16 and it was received by the provider on 10/26/16 ... Again, no action was taken on the claim."

Amount in Dispute: \$2,488.99

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Our initial response to the above referenced medical fee dispute resolution is as follows: we have escalated the bills in question for manual review to pay the additional monies."

Response Submitted by: Gallagher Bassett

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
August 26, 2016	Pharmacy Services - Compound	\$2,488.99	\$2,488.99

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
3. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
4. 28 Texas Administrative Code §134.540 sets out the closed formulary requirements for claims subject to certified networks.

5. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 109 – Claim not covered by this payer/contractor. You must send the claim to the correct payer/contractor.
 - 19 – Precertification/authorization/notification absent.

Issues

1. Does an unresolved liability issue exist for this dispute?
2. Is Arch Insurance Company's denial of payment due to lack of preauthorization supported?
3. Is Sentrix Pharmacy and Discount, L.L.C. (Sentrix) eligible for reimbursement of the services in question?

Findings

1. 28 Texas Administrative Code §133.307(f)(3)(C) provides that the division may dismiss a medical fee dispute if "the request contains an unresolved compensability, extent of injury, or liability dispute for the claim." On explanations of benefits dated September 16, 2016, the services in question were denied with claim adjustment reason code 109 – "Claim not covered by this payer/contractor. You must send the claim to the correct payer/contractor."

Review of the submitted documentation finds that Arch Insurance Company did not maintain this denial on subsequent explanations of benefits or in its position statement. Therefore, the division concludes that an unresolved liability issue does not exist for this dispute.

2. Sentrix is seeking reimbursement for a compound cream containing Salt Stable LS Base, Baclofen, Amantadine, Amitriptyline, Gabapentin, and Ketoprofen. On explanations of benefits dated November 1, 2016, Arch Insurance Company denied the disputed services with claim adjustment code 19 – "PRECERTIFICATION/AUTHORIZATION/NOTIFICATION ABSENT."

28 Texas Administrative Code §134.500(3) defines the closed formulary as "all Food and Drug Administration (FDA) approved prescription and nonprescription drugs prescribed and dispensed for outpatient use" except those requiring preauthorization. 28 Texas Administrative Code §134.540(b) states:

Preauthorization for claims subject to the Division's closed formulary. Preauthorization is only required for:

- (1) drugs identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates;
- (2) any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates; and
- (3) any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

The division finds that the ingredients noted in the compound in question are included in the division's closed formulary as the ingredients consist of FDA approved drugs and inactive ingredients and do not include a drug identified with a status of "N" in the current edition of the ODG, *Appendix A*. Arch Insurance Company failed to raise any other defenses for denial of the disputed compound. Therefore, the division concludes that preauthorization for the services in question did not require preauthorization and Arch Insurance Company's denial for this reason is not supported.

3. 28 Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:
 - (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
 - (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:

- (A) Generic drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;
- (B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount;
- (C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
- (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
 - (A) health care provider; or
 - (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Review of the submitted documentation does not find evidence that the ingredient listed on the Medical Fee Dispute Resolution Request (DWC060) with NDC #58597800308 with billed amount of \$45.92 was submitted to the insurance carrier. Therefore, this ingredient, with this billed amount is not eligible for reimbursement.

Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Salt Stable Cream Base	00395602157 Brand Name	\$3.36	170.4 gm	$\$3.36 \times 170.4 \times 1.09 = \624.07	\$572.47	\$572.47
Baclofen 4%	38779038808 Generic	\$35.63	9.6 gm	$\$35.63 \times 9.6 \times 1.25 = \427.56	\$341.99	\$341.99
Amantadine 8%	38779041109 Generic	\$24.225	19.2 gm	$\$24.225 \times 19.2 \times 1.25 = \581.40	\$465.19	\$465.19
Amitriptyline 2%	58597800308 Generic	\$19.15	4.8 gm	$\$19.15 \times 4.8 \times 1.25 = \114.90	\$91.84	\$91.84
Gabapentin 5%	58597801407 Generic	\$62.84	12 gm	$\$62.84 \times 12 \times 1.25 = \942.60	\$754.16	\$754.16
Ketoprofen 10%	58597801707 Generic	\$10.97	24 gm	$\$10.97 \times 24 \times 1.25 = \329.10	\$263.34	\$263.34
Total						\$2,488.99

The total reimbursement for the disputed services is \$2,488.99. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$2,488.99.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$2,488.99, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this Order.

Authorized Signature

Signature

Laurie Garnes
Medical Fee Dispute Resolution Officer

May 5, 2017
Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.